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SUBJECT: PM FICO PRESENTS POLICY AGENDA FOR NEXT FOUR YEARS

BRATISLAVA 00000666 001.2 OF 006

11. (SBU) OVERVIEW AND COMMENT. One month after Slovakia's new governing coalition took office, Prime Minister Robert Fico has presented the government's policy statement, a four-year agenda determined by the governing three-party coalition. Bureaucrats had drafted an early version of the government program statement, leaving it void of Smer's campaign rhetoric. Fico then added his imprint on the final document with eight pages of modifications to incorporate his broad scope of pre-election promises. Fico insisted on including, for example, the promise of a lower VAT rate for certain goods, the elimination of fees for doctors' visits and medicines, and the specific use of the word "withdrawal" in reference to Slovak troops in Iraq. His varying messages appeal to diverse voters: ideological leftists, the provincial poor who believe Fico can better their lives by legislation, and his big business supporters. While the final version of the government program clearly demonstrates that Fico is in charge, it fails to show a realization on his part that he is now the Prime Minister who must deliver, no longer the leader of the opposition who need only criticize and make promises.

12. (SBU) Fico's version of the wide-ranging policy document was submitted to parliament on August 1, debated, and approved by majority vote (80 for, 55 against, 15 absent) on August 4. The program statement emphasizes Fico's domestic focus. The chapters on economic, social, health, education, cultural, and judicial policy account for almost ninety percent of the statement, of which economic policy alone comprises a full third. Foreign and military policy, including EU and NATO issues, make up less than ten percent. The foreign policy portion makes the right noises on NATO but speaks of "activating" relations with Russia while just "developing" relations with the U.S. There is no mention of support for the spread of democracy abroad. The program statement itself is not binding legislation. It offers guidelines for governmental action but leaves out precise details. For example, it does not specify which items will benefit from a lower VAT rate nor what that rate will be. Most importantly, it also does not explain how the government will fund the many increases in social benefits. The opposition, led by former PM Dzurinda, is focusing its criticism on this gap. END OVERVIEW AND COMMENT.

13. (U) The program statement, an extensive document of 54 pages, is divided into 9 chapters, with many subchapters. The chapters are: Principles and Values, Economic Policy, Social Policy, Health Care, Knowledge-Based Society (Education), Culture, Democracy and Rule of Law (Civil Society, Judiciary, and Public Services), National Defense, and Foreign Policy. The complete document can be found in English on the website of the Slovak government at <http://www-8.vlada.gov.sk/index.php?ID=1672>. The following

is a summary of the sections, with several quotations to give a feel for the political language of the document.

14. (U) Summary of Slovakia's Government Program Statement, with (SBU) comments as marked:

CHAPTER 1. PRINCIPLES AND VALUES OF THE PROGRAM STATEMENT (2 pages)

"The Program Statement of the Government of the Slovak Republic builds on continuity with the former government everywhere where it is expedient and reasonable. But the objective and expressive need to change the approaches taken in recent years will be prevalent."

The three basic principles on which the government program rests are human dignity, the welfare state, and an economy based on values of a socially- and environmentally-oriented market economy.

CHAPTER 2. MACROECONOMIC FRAMEWORK, PUBLIC FINANCE, AND ECONOMIC POLICY (18 pages)

"Public finance and taxes will be projected and utilized as the main economic instrument to build a modern social state with the aim of minimizing social exclusion and removing the increasing regional disparities and social imbalance." Another objective is to fulfill the criteria to introduce the Euro by January 1, 2009, and all economic, financial, budgetary, price, investment support and other economic policies will be closely coordinated to achieve this goal.

-- "Millionaire's tax" - GOS will introduce a higher personal income tax rate for the "higher-than-standard" income.

-- Selective taxation of monopolies: "Natural monopolies and dominant companies will face tough regulations. If the standard system of their regulation is proven as ineffective or insufficient, the GOS may consider a selective taxation of these companies as a legitimate tool to ensure its goal of protecting citizens from rising energy costs." (NOTE: in Fico's words: "It is not in the interest of this government

BRATISLAVA 00000666 002.2 OF 006

to have natural monopolies, or dominant companies, whose profits are increasing, pay low taxes and remain free from a dividend tax, while at the same time energy prices keep rising." END NOTE.)

-- GOS will lower the VAT rate for selected items beginning in 2007.

-- GOS will halt privatization of strategic companies; the government will re-define which companies and institutions will be considered strategic. The government respects the privatization done so far and will stick to unalterable conditions in legitimate privatization agreements.

-- Energy security - the government will prepare a strategy of energy security, guaranteeing self-sufficiency in electricity production. GOS will support the diversification of sources and routes for oil and gas. GOS will support liberalization of the market for electricity and gas.

-- Nuclear energy - GOS will support construction and operation of new power plants including the third and fourth bloc of the Mochovce nuclear plant.

-- Transportation - GOS will complete certain sections of highways. The government will maintain its dominant position in railway companies.

-- Agriculture - GOS will increase subsidies to farmers, within the framework of EU funds. GOS will solve the issue of land without known owners with new legislation.

-- Housing - GOS will create conditions for construction of rental flats for young families subject to the availability of funds from the state budget.

-- Regional development - GOS will strengthen of responsibilities of regional governments, GOS will prepare a vision of regional development for all Slovakia. The issues of the Roma community will be addressed through regional development.

CHAPTER 3. SOCIAL POLICY (8 pages)

-- Employment - GOS considers the highest possible employment to be one of the basic criteria of success of domestic

economic and social policies. The Government will adopt vigorous measures focused on strengthening social inclusion, prevention of exclusion from the labor market, and support of disadvantaged groups' integration in employment, particularly concerning graduates, persons with disabilities, mothers with children, and persons close to retirement age. Special attention will be paid to the support of marginalized members of the Roma communities and reduction of regional differences in employment, unemployment, and labor productivity, particularly in regions with high unemployment.

-- Labor - GOS will prepare a new Labor Code with the goal to increase protection of workers. The government will regularly increase the minimum salary. The government will develop efforts to establish a tripartite council at the highest level as an organ of tripartite consultations based on the principle of equal social partnership of (1) government, (2) labor unions and (3) employers' organizations.

-- Pensions - GOS will reform the system of pension insurance to stabilize the first pillar. The second, capitalization pillar, will remain voluntary.

-- Roma - "To eliminate the causes of poverty and social exclusion of individuals and groups, including marginalized Roma communities, the government will adopt measures with an emphasis on creating conditions for implementation of non-financial measures such as, for example, social services, social and legal protection measures, social guardianship, community development, support of local partnership of social inclusion, subsidy programs to improve equal opportunities, motivation and support for access to education and health care also with the objective of realistic strengthening of social cohesion. At the same time, the Government will consequently require adherence to the principle of subsidiarity and performance of competencies by all responsible entities."

-- Family Support - GOS will increase the payment to families upon the birth of the first child to at least SKK 15,000 (USD 500) and other parental tax bonuses. The GOS will support the increase of availability, flexibility, and equality of family social services and enforce legislative changes for the protection of children.

-- Equality - GOS shall support equality of men and women at all levels of governance. The government shall implement steps to eliminate any forms of discrimination, including discrimination based on gender, religious conviction or belief, racial origin, national or ethnic origin, medical disabilities, age, and sexual orientation. GOS will work towards elimination of domestic violence. GOS shall exert maximum efforts for the establishment of the European Gender Equality Institute in Slovakia.

CHAPTER 4. HEALTH CARE (3 pages)

BRATISLAVA 00000666 003.2 OF 006

The Government must ensure access to adequate health care to all its citizens. The scope of this care must be defined by the law and health care must be financed from health insurance.

-- Fees - Beginning in 2006, the government will cancel some fees that are not directly related to the provision of health care while ensuring compensation for the providers.

-- Voluntary health insurance - GOS will consider tax relief against payments towards voluntary health insurance.

-- Mandatory health insurance - In 2007, the GOS will increase the state contribution towards health insurance premiums from four percent to five percent of the average wage. The Government will ensure that public spending in health care will increase as a percentage of GDP.

-- Health insurance overhead - GOS will limited by law the amount of health insurance companies' operating costs as of 2007 to a maximum of four percent of the mandatory health insurance premiums collected.

-- Health care facility management - GOS will support decentralization in health care management while introducing a state regulatory role for all health care facilities. In hospital care, it will enforce the role of the state as the owner of faculty health care facilities, facilities with

nationwide scope, and those performing special tasks in emergency situations.

CHAPTER 5. KNOWLEDGE-BASED SOCIETY (7 pages)

The government will improve the implementation of the National Lisbon strategy MINERVA, particularly with respect to investing in human potential, employment, innovation, science and research. Permanently sustainable development is a priority to the GOS, thus it will initiate a National Center of European and Global Studies. Use of information and communication technologies in all areas of life is of vital importance for the Slovak society.

-- Education - GOS will create favorable conditions for improving education, emphasizing patriotism, national, historic, and cultural values in schools at all levels. GOS will increase the quality of minority schooling, particularly the instruction in one's mother tongue, which cannot, however, be to the detriment of the official Slovak language. In schools, GOS will implement financing from diverse sources aimed at reaching the five percent level of GDP.

(SBU) COMMENT. It is in the area of education where one finds the greatest imprint of the Slovak Nationalist Party (SNS). We will watch this closely and speak out as necessary. END COMMENT.

-- Regional schools - GOS will draft modern legislation on education as a basic prerequisite of school reform and also a bill on teachers' status and competencies. This should result in a systemic change of education, particularly in improvement of language skills, computer skills and communication abilities using modern information and multimedia technology in the process of instruction. GOS will coordinate professional education with market needs.

-- Universities - GOS plans to amend the university law harmonizing it with the basic goals of the Lisbon strategy. It will continue to build centers of excellence together with integrated projects that are prerequisites of participation of Slovak scientists in EU research projects. The government will draft a new system of financing for state and public universities. No fees for full-time university students will be introduced. It will draft legislation to motivate businesses to invest in education, science, and research and development.

-- Science and Technology - GOS will adopt measures to support research and science in accordance with Lisbon and Bologna strategies, presenting science and technology as the main tools of building the knowledge society. The funding of science and technology should gradually reach 0.8 percent of GDP. GOS will establish special grants for the young generation of scientists with the goal of stopping the brain drain from Slovakia.

-- Youth and Sports - GOS will consistently implement principles of the EU Commission on Youth policy. GOS will draft the Concept of the National Policy on the Youth and Children for the period of 2008-2013. GOS will consider establishing a government post of Plenipotentiary for Children and Youth. GOS will draft a legislation dealing with sports that will be in harmony with EU legislation. GOS will draft a long-term program for building sports infrastructure and will support public ads aimed at healthy life style of Slovak citizens.

CHAPTER 6. CULTURE (3 pages)

Protection and use of cultural heritage including promotion of original new arts production will be the pillars of preserving and strengthening the Slovak identity. Three

BRATISLAVA 00000666 004.2 OF 006

principles will be observed in cultural area: continuity, communication, and coordination. GOS will protect the Slovak language as a state language in coordination with scientific institutions and Matica Slovenska.

-- Economic tools - GOS will increase cultural funding to harmonize it with EU standards. GOS will draft new legislation on financing culture and will support wide use of EU funds for the reconstruction of cultural sites.

-- Media and audio vision - GOS will create a new

legislative, financial and organizational framework for public radio and TV functioning. GOS will draft new legislation on its press agency (TASR) and review its role as a national press agency. New media legislation will be prepared in order to implement a digital transmission system.

- Reconstruction and protection of cultural heritage - GOS will adopt a new strategy for the development of Slovak libraries, museums and arts galleries.
- Local and minority culture - Through a grant system, GOS will fund the culture of minority and ethnic groups and will support Slovak culture in ethnically mixed areas.
- Arts and national cultural institutions - GOS will support national cultural institutions like Slovak National Theater, Slovak Gallery, etc.
- Churches and religious communities - GOS respects the valid legislation on churches and religious communities and the commitments following from it.

CHAPTER 7. DEMOCRACY AND RULE OF LAW (8 pages)

- Diversity and Tolerance - GOS will respect the multi-ethnic and multi-cultural character of Slovakia and will fight any expressions of racial, ethnic, religious and political intolerance. GOS will combat discrimination, racism, anti-Semitism, xenophobia, extreme nationalism and chauvinism as well as denial of the Holocaust. GOS will create a democratic environment for freedom of thought, conscience and religious freedom. It will respect the role of churches, religious communities and other non-religious institutions.
- Anti-discrimination - GOS guarantees all citizens, regardless their gender, race, skin color, language, belief, religion, political views, ethnic and social origin, property, or social status respect for basic human rights and freedoms including the right to choose one's own ethnic identity. However, his/her decision should not be harming or discriminatory for others.
- NGOs - GOS considers the NGO sector an important social pillar and part of a free democratic society. It will conduct a partner dialogue with diverse institutions of the civic society.
- Roma issues - GOS will support all development programs in order to improve the life of the Roma and their integration in all areas of society (education, culture, health and social care, housing). It will continue to build facilities directly in the regions with numerous Roma communities.
- Judiciary and Judges - GOS wants to improve non-partisan proceedings and decision-making, increase the quality and speed of court procedures, and preserve the social status of judges. GOS will further increase general standards for the civic integrity and ethical behavior of judges. GOS will complete the Justice Academy. GOS will take measures to further the independence of the Supreme Court from the Justice Ministry. It will review the possibility of establishing an independent Supreme Administrative Court, while the administrative agenda at the first and second levels will be arranged by district and regional courts. It will review prior court reform and cancellation of some district courts.
- Judicial corruption - GOS assess the activity of special institutions in the fight against bribery and corruption. It will propose measures that will prevent discrimination in the judiciary and prosecution and will eliminate political interventions in the judiciary.

(SBU) COMMENT. The opposition is claiming that this language reflects a weaker commitment to fighting corruption than that of the previous government. END COMMENT.

- Ombudsman - GOS will support the independent status of the ombudsman and of the Judiciary Council and will propose to allow both the ombudsman and the Judiciary Council to initiate proceedings on the conformity of legal regulations at the Constitutional Court.
- Employees of the court - GOS will preserve the current status of the prosecution including the social status of prosecutors. GOS will improve efficiency of the courts, management and technology.
- Legislation - GOS wants to lower the number of governmental legislative proposals and increase their quality. GOS will present proposals of the most important

legislation pieces for public discussion. GOS will provide

BRATISLAVA 00000666 005.2 OF 006

analysis of the current legal collection of laws and will propose changes in cases of contradictory laws.

-- Legal assistance for the poor - GOS will analyze the efficiency of free legal assistance, review possibilities for out-of-court settlements, and improve legal services for poor citizens.

-- Prisons and penitentiary institutions - GOS will attempt to humanize prisons and modernize the penitentiary system to harmonize it with EU standards and international conventions.

-- Crime - GOS will do its utmost to protect citizens and their property and to ensure security for them and their families. GOS will adopt a new program to fight crime. It will reflect new challenges in crime structure and new conditions in combating criminality with regard to Slovakia's membership in European and Transatlantic organizations.

-- Terrorism - GOS will adopt necessary measures to improve its readiness to anticipate and eliminate terrorist attacks. It will improve coordination among intelligence, police, and other relevant agencies.

-- Extremism - GOS will take stricter action against extremism. It will not tolerate any illegal actions by members of extremist groups. It will protect the freedoms and rights of members of minority groups.

-- Embezzlement - GOS will fight against economic crime and increase the efficiency of its detection.

-- Drugs - In combating drugs, GOS will follow UN conventions, European Strategy for years 2005-2012 and the EU action plan for 2005-2008.

-- Border protection - GOS will draft and adopt a national strategy of management and protection of Slovak borders after joining the Schengen agreement. It will complete the construction of the Slovak-Ukrainian border crossing, meeting Schengen standards.

-- Police and Emergency Services - GOS will continue to modernize the police corps and make it compatible with the EU police corps; it will improve readiness to combat corruption, organized crime, illegal drugs, and increase reliability in providing service to Slovak citizens. GOS will support changes in education and training of the police at all levels. Attention will also be devoted to firefighting and emergency corps. GOS wants to improve cooperation of all institutions in case of natural disasters and improve prevention in this area.

-- Migration and citizenship - GOS will unite national migration policies and will draft a proposal for establishing an Immigration and Naturalization Office. GOS will review rules for granting Slovak citizenship to foreigners and implement more thorough checking of applicants.

-- Public Administration - GOS will initiate an analysis of the public administration reform and propose changes. GOS will abolish some regional offices and transfer competencies to local self-government.

CHAPTER 8. NATIONAL DEFENSE (2 pages)

-- NATO and EU - Slovakia is an inseparable part of the Euroatlantic space. Slovakia will adequately contribute to collective NATO defense and EU military capabilities. GOS will fulfill commitments resulting from its membership in NATO and the EU, including its support for allied forces in Slovakia and their security. It will provide personnel for the NATO and EU rapid reaction forces and participate in international crisis management operations.

-- Security integration - GOS will establish an integrated security system coordinating all institutions involved in managing national defense.

-- Troop deployment - With regard to the future deployment of Slovak troops, GOS will make sure that any deployment will have a clearly defined mandate containing criteria for its continuation or withdrawal.

-- Iraq - GOS, in cooperation with all involved parties and the Iraqi government, will present an acceptable time table for the withdrawal of Slovak troops from Iraq. At the same time, GOS will assist in ensuring stability and peace in Iraq

by civilian means and is ready to participate in training the Iraqi security forces that will take over responsibility for stability and security in Iraq.

-- Military education - GOS will complete the transformation of military schools.

CHAPTER 9. FOREIGN POLICY (3 pages)

(SBU) COMMENT. One of Foreign Minister Kubis's top advisors, who claims authorship of this chapter, told us he rejected all SNS proposals to emphasize a pro-Slavic foreign policy. He further noted that he was confident PM Fico could "control" SNS leader Slota on foreign policy issues. END COMMENT.

Slovakia's foreign policy will be in harmony with the national interests of Slovak Republic and GOS will follow up

BRATISLAVA 00000666 006.2 OF 006

all positive trends accomplished so far.

-- NATO and EU membership - Slovakia will strengthen partnership and strategic cooperation with NATO and EU. It will take an active role in building EU policies with respect to Slovak national interests and European solidarity. GOS will strengthen cooperation with EU and NATO member states.

-- Support for EU issues - GOS will support the ratification process of the EU Constitution. GOS will continue to build the joint EU foreign and security policy with special focus on strengthening security and stability in western Balkans and Eastern Europe. GOS will support further enlargement of EU and will increase efforts to enter the Schengen system as soon as possible.

-- Support for NATO - GOS considers NATO its main guarantor of Euro-Atlantic security. It will respect and satisfy all commitments following from its membership in NATO. GOS will continue to strengthen transatlantic ties and partnership with member states of the Alliance and will further develop its relations with the United States.

-- Relations with neighbors - GOS will support cross-border cooperation in all areas. Strategic partnership with the Czech Republic is of special interest. GOS will strengthen regional cooperation within the Visegrad 4 countries.

-- Russia - GOS will activate relations with the Russian Federation, an important factor of EU security and prosperity.

-- Middle East - GOS declares its interest to contribute to strengthening stability in Iraq, Afghanistan and Middle East.

-- Multilateral efforts - GOS will enforce effective multilateralism. It will support international organizations, particularly the UN. As a non-permanent member of Security Council in 2006-7, Slovakia will assist in resolving world and regional problems, threats and security challenges, particularly in respect to terrorism and weapons of mass destruction. It will strengthen its participation in UN missions. In Slovakia's half-year presidency of the Council of Ministers of the Council of Europe (Nov 2007 - May 2008), GOS will devote attention to Roma issues.

-- Economic diplomacy - GOS will strengthen the economic aspect of Slovak diplomacy.

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